



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

FEB 14 2007

Charles O. Grigson
Law Offices of Charles O. Grigson
604 W. 12th Street
Austin, TX 78701

RE: MUR 5811
Kristi Willis

Dear Mr. Grigson:

On February 12, 2007, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of a violation of 2 U.S.C. §§ 432(b)(3) and 439a(b), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark D. Shonkwiler", with a long horizontal flourish extending to the right.

Mark D. Shonkwiler
Assistant General Counsel

Enclosure
Conciliation Agreement

27044160327

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Kristi Willis

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MUR 5811

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Kristi Willis ("Respondent") knowingly and willfully violated 2 U.S.C. §§ 432(b)(3) and 439a(b) of the Federal Election Campaign Act of 1971, as amended ("the Act").

NOW, THEREFORE, the Commission and the Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Doggett for U.S. Congress ("the Committee") is a political committee within the meaning of 2 U.S.C. § 431(4) and is the principal campaign committee for Lloyd Doggett, a

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member of the House of Representatives from Texas' 25th Congressional District. James Cousar is the treasurer for the Committee.

2. Kristi Willis worked on the Committee's staff from 1998 through 2004.

Willis served as the campaign bookkeeper and was responsible for recording all checks that came in to the Committee or were paid out by the Committee.

3. The Act prohibits commingling committee funds with "the personal funds of any individual." 2 U.S.C. § 432(b)(3).

4. The Act also prohibits any individual from converting contributions or donations for the individual's personal use. 2 U.S.C. § 439a(b)(1). This provision prohibits "any person" from using campaign funds for personal use. *Id.*; 2 U.S.C. § 431(11) (defining "person" under the Act). The Act sets forth *per se* instances of improper personal use, such as using campaign contributions or donations for mortgage or rental payments, clothing expenses, or household food items. *See* 2 U.S.C. §§ 439a(b)(2)(A)-(I); *see also* 11 C.F.R. § 113.19g). In addition, the Act considers a contribution or donation improperly converted for personal use if "the contribution or amount is used to fulfill any commitment, obligation, or expense of a person that would exist irrespective" of the campaign. 2 U.S.C. § 439a(b)(2).

5. The phrase knowing and willful indicates that "actions [were] taken with full knowledge of all the facts and recognition that the action is prohibited by law." 122 Cong. Rec. H 2778 (daily ed. May 3, 1976); *see also Federal Election Comm'n v. John A. Dramesi for Cong. Comm.*, 640 F. Supp. 985, 987 (D.N.J. 1986) (distinguishing between "knowing" and "knowing and willful"). A knowing and willful violation may be established "by proof that the defendant acted deliberately and with knowledge" that the action was unlawful. *United States v. Hopkins*, 916 F.2d 207, 214 (5th Cir. 1990).

6. Willis began writing Committee checks payable to herself or to her personal credit card account beginning in January 1999. Between January 1999 and March 2004, Willis wrote unauthorized checks totaling approximately \$168,402 from the Committee's account, and used the funds for her own personal use. Willis made 41 disbursements from the Committee's account totaling \$43,231.42 to "Ms. Kristi Willis" and 40 disbursements from the Committee's account to "American Express" totaling \$125,170.58.

7. Willis hid her unauthorized disbursements from the Committee by destroying the cancelled checks and failing to record an entry in the checkbook ledger for disbursements she made to herself and her personal credit card account.

8. Willis was able to make the unauthorized disbursements because no one at the Committee double-checked her accounting. Because Willis managed the accounts, she informed the Committee treasurer of the account balances. No one from the Committee suspected any wrongdoing by Willis since the account totals continued to balance each year.

9. Willis spent the money she embezzled from the Committee on ordinary living expenses including house expenses, car expenses and payment of her personal credit card. These expenses were incurred by Willis irrespective of her involvement with the Committee.

10. The Committee discovered Willis' embezzlement in January 2006 and conducted an internal review that determined that Willis misappropriated approximately \$168,402 from the Committee. The Committee notified the Commission about the unauthorized disbursements to Willis and filed amended reports with the Commission in February 2006.

11. The Committee reported Willis' embezzlement to the Travis County District Attorney's office in January 2006. By February 1, 2006, Willis had repaid the Committee

\$40,000.00. Prior to criminal charges being filed Willis had repaid the Committee a total of \$45,000.00

12. In August 2006 in Travis County, Texas, Willis pled guilty to misapplication of fiduciary funds, a second degree felony. Willis was sentenced to a short jail sentence and probation for a term of 4 years. Willis is required, as a condition of her probation, to repay the Committee the balance of \$123,402.00.

V. Respondent knowingly and willfully violated 2 U.S.C. §§ 432(b)(3) and 439a(b) by commingling Committee funds with personal funds and converting campaign funds to her own personal use.

VI. Respondent will take the following actions:

1. Respondent will cease and desist from violating 2 U.S.C. §§ 432(b)(3) and 439a(b) by commingling Committee funds with personal funds and converting campaign funds for her personal use.

2. Respondent is prohibited from working or volunteering in federal political campaigns in a capacity involving the committee's finances for a period of 5 years from the date of this Agreement.

VII. Respondent Kristi Willis, through the submission of extensive financial documentation to the Commission and additional representations, has indicated that financial hardship prevents her from paying any civil penalty to the Commission. The Commission regards these submissions and representations as material representations. Due to the mitigating circumstances presented by Respondent Willis' financial condition, the Commission agrees to depart substantially from the civil penalty that the Commission would normally seek for the violations at issue, and the Commission agrees that no civil penalty shall be due. If evidence is

uncovered indicating Respondent's financial condition is not as stated, a civil penalty of two hundred and seventeen thousand (\$217,000) shall be immediately due, pursuant to 2 U.S.C. § 437g(a)(5)(B).

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

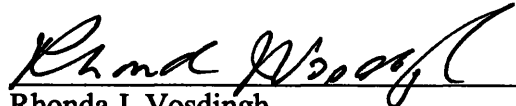
XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

Conciliation Agreement
MUR 5811 (Kristi Willis)

FOR THE COMMISSION:

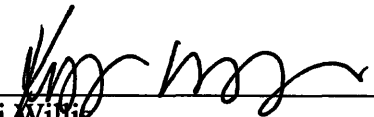
Lawrence H. Norton
General Counsel

BY:


Rhonda J. Vosdinger
Associate General Counsel
for Enforcement

2/13/07
Date

FOR THE RESPONDENTS:


Kristi Willis

12/3/2006
Date

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